

ANNUAL REPORT 2020

KHALID SIRAJ
Textile Mills Limited



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Company Information

Chief Executive Officer	-	Mian Tayyab Iqbal
Directors	-	Mian Iqbal Barkat
	-	Mian Hassan Barkat
	-	Mian Tahir Iqbal
	-	Mrs. Abida Iqbal
	-	Mrs. Rafia Hassan.
	-	Mrs. Rukhsana Arif.
Audit Committee		
Chairman	-	Mrs. Rukhsana Arif
Members	-	Mrs. Rafia Hassan.
	-	Mian Tahir Iqbal
HR Committee		
Chairman	-	Mian Tahir Iqbal
Members	-	Mian Hassan Barkat
	-	Mrs. Abida Iqbal
Company Secretary	-	Haji Tariq Samad
Auditors	-	Kamran & Co. Chartered Accountants A/2, Ingola Appartments, 24-Jail Road, Lahore.
Bankers	-	National Bank of Pakistan Dubai Islamic Bank Pakistan Limited Habib Metropolitan Bank Limited Silk Bank Pakistan Ltd Meezan Bank Limited
Chief Financial Officer	-	Mr. Nabeel Ahmed
Legal Advisor	-	Mr. Majid Ali Rana (Advocate)
Share Registrar	-	M/s. Corplink (Pvt) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore. Ph: 042-35916714, Fax: 042-35869037
Registered Office	-	135-Upper Mall, Lahore.
Website Address	-	www.kstml.com
Mills	-	48-K.M, Lahore-Multan Road, Phool Nagar (Bhai Pheru), Tehsil Pattoki, Distt. Kasur.

Vision & Mission Statement

Vision Statement

To accomplish, build up and sustain a good reputation of the project in textile sector locally and globally by manufacturing and marketing high quality of yarn through team work by means of honesty, integrity and commitment.

Mission Statement

To provide maximum satisfaction to customers by
Supplying fine quality yarn for knitting and Weaving for well
Known textile Brands through effective utilization of men,
Material and machines by encouraging, supporting and rewarding
the employees and sharing profits with our shareholders.
We do have social responsibility towards our community in
which we operate and we are committed to safety,
health and environment in all our operations.

Chairman's Review Report

The Board of Directors is performing its duties in accordance with law and in the best interest of company and its shareholders. As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of Khalid Siraj Textile Mills Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

The year under review was the most difficult one in the history of the Company. The production activities are still closed. Consequently the fixed cost still increasing to a level where the project has become unviable to start.

The board's overall performance has been assessed as satisfactory. However, improvement is an ongoing phenomenon. Performance evaluation of HR Committee and Audit Committee is based on their competence, task efficiency, effectiveness, facilitation & support to the Board.

Hope that their performance during coming years will improve further.



Mian Tahir Iqbal
Chairman

Lahore: October 02, 2020

چیئر مین کی جائزہ رپورٹ

بورڈ آف ڈائریکٹرز قانون کے مطابق کمپنی اور اس کے حصص یافتگان کے بہترین مفاد میں اپنے فرائض سرانجام دے رہا ہے۔ کوڈ آف کارپوریٹ گورننس کی ضروریات کے مطابق، خالد سراج ٹیکسٹائل ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی سالانہ کارکردگی کا جائزہ لیا جاتا ہے۔ اس تشخیص کا مقصد یہ یقینی بنانا ہوتا ہے کہ بورڈ کی مجموعی کارکردگی اور اثرات کمپنی کے طے شدہ مقاصد کے تناظر میں توقعات کے معیار کے مطابق ہیں۔

زیر، جائزہ سال کمپنی کی تاریخ میں ایک بہت ہی دشوار سال تھا۔ پیداواری سرگرمیاں ابھی بند ہیں۔ اس کے نتیجے میں فکسڈ اخراجات اس سطح تک بڑھ گئے جہاں منصوبہ کا آغاز کرنا قابل عمل بن گیا ہے۔

بورڈ کی مجموعی کارکردگی تسلی بخش قرار دی گئی ہے۔ تاہم، بہتری کا رجحان جاری ہے۔ ایچ آر کمیٹی اور آڈٹ کمیٹی کی کارکردگی کا اندازہ ان کی صلاحیت، کام کی کارکردگی، موثرگی، بورڈ کو سہولت پہنچانے اور عدد فراہم کرنے پر مبنی ہے۔

امید ہے کہ آئندہ سالوں کے دوران ان کی کارکردگی مزید بہتر ہو جائے گی۔



طاہر اقبال
چیئر مین

لاہور: 02 اکتوبر 2020ء

Directors' Report

On behalf of the Board of Directors the undersigned takes pleasure to present before you the 33rd (thirty third) Annual Report for the financial year ended June 30, 2020 along with Auditors' Report there on.

Operating Financial Results

During the financial year under review, The company has posted net loss from operations of Rs. 5.027 million as compared to net loss Rs. 23.309 million of the corresponding last year.

The composition of net (loss)/profit are as under:-

APPROPRIATIONS

	2020	2019
	Rupees	
Loss before taxation	(26,622,505)	(30,125,194)
Taxation	6,300,683	(10,158,483)
Loss after taxation	(20,321,822)	(40,283,677)
Other comprehensive income for the year		
Incremental depreciation of surplus on revaluation of property, plant and equipment realized for the year (net of tax)	15,295,010	16,973,915
Other comprehensive income for the year (net of tax)	15,295,010	16,973,915
Total comprehensive loss for the year	(5,026,812)	(23,309,762)
Loss per share (basic and anti-dilutive)	(1.90)	(3.76)

The year under review was historically difficult and was badly affected by the COVID-19 pandemic that started in December 2019 and later spread all over the world. Like many countries, Pakistan's economy was also severely affected. To alleviate the pandemic, a nation-wide lockdown was imposed in March 2020 in Pakistan. This caused many businesses to close down and resulted in further deteriorating the country's economy.

Company operations are still suspended. The Textile market is highly depressed under Current government policies and uncertain political climate, refrained the Sponsors to invest in company's proposed BMR plans.

The existing plant & machinery has become too old, obsolete and inefficient to compete with the latest machinery which is highly cost efficient and more productive.

Charts of Significant Ratios and comparison with previous years

	2020	2019	2018	2017	2016
Turnover (Net)	-	-	-	105,226	17,437
Profit/Loss before taxation	(26,623)	(30,125)	(92,312)	(60,040)	(43,295)
Profit/Loss after taxation	(20,322)	(40,284)	(75,776)	(61,640)	(49,947)
Owner's equity (ordinary shareholders)	(145,985)	(125,664)	(87,823)	(14,755)	43,883
Breakup value of share of Rs. 10 each	(13.64)	(11.74)	(8.21)	(1.38)	4.10
Earnings per share-basic	(1.90)	(3.76)	(7.08)	(5.76)	(4.67)
Total assets	337,610	364,109	394,648	496,255	534,683

Future outlook / Strategy

The world is still struggling against the COVID-19 pandemic. Pakistan has seen a dramatic decrease in new cases and deaths. In view of this positive development, the Government has allowed resumption of most of the business activities in August 2020, after almost 140 days of lockdown. Furthermore, the State Bank of Pakistan has taken several steps for the revival of economy and reduced the policy rate down to 7%, while offering attractive financing schemes to encourage new investments. These measures would indeed help the economy to get back to normal.

The shareholders are aware that Board of Directors in the last year has announced shutdown and the management is putting its best professional efforts for turnaround of the project and get it operational in future. The sponsors and the management have faith and belief in the textile business.

The company has not even disposed off a signal net bolt of the plant and machinery, so it shows its clear intention to make it operational and profitable Unit in near future. We are just waiting for the right to plug in.

We hope that the Change in Government Policies and facilitation to textile sector will bring fruitful results for the Company.

CORPORATE GOVERNANCE

The Board of Directors of Khalid Siraj Textile Mills Limited and its management are fully conversant with its responsibilities as formulated in Code of Corporate Governance as incorporated in the listing regulations of stock exchanges issued by the SECP. The prescribed practices are effectively under implementation in the company and there has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.

The statements as required by the Code of Corporate Governance are given below:

1. Presentation of Financial Statement

The financial statements, prepared by the management of the company, fairly present its state of affairs, the results of its operations, cash flows and changes in equity.

2. Books of Account

The company has maintained proper books of Account.

3. Accounting Policies

The Companies Act, 2017 has introduced changes to the accounting and reporting standards in the last year of their financial statements. The changes in the accounting and reporting standards have impacted the Company's accounting policy relating to the revaluation surplus on property, plant and equipment.

4. International Financial Reporting Standards (IFRS)

International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

5. Accounting Year

The accounting year of the company is from July 01 to June 30.

6. Audit Committee

The Board of Directors in compliance to the Code of Corporate Governance has established an Audit Committee and the following are its members:

Mrs. Rukhsana Arif.	Chairman
Mrs. Rafia Hassan.	Member
Mr. Tahir Iqbal	Member

7. Safety and Environment

The company strictly complies with the standards of the safety rules and regulations. It also follows environmental friendly policies.

8. Going Concern

As regard to going concern, please see the detail mentioned in note 5.4 of the financial statements.

9. Internal Control System

The system of internal control is sound in design and has been effectively implemented and monitored. The review will continue in future for the improvement in controls.

10. Trading Company's Shares

Board of Directors, CEO, CFO, Company Secretary, Executives and their spouse and minor children have made no transaction of company's shares during the year except that mentioned in "Pattern of shareholding".

11. Outstanding Statutory Dues

There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on 30 June 2020 except for those disclosed in the financial statements.

12. Contingencies and Commitments

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which this balance sheet relates and the date of the Directors' Report.

13. Dividend

Due to the circumstances already discussed the Board of Directors does not recommend any dividend for the year ended 30 June 2020.

14. Quality Control

To ensure implementation of the Management System, Internal Quality Audits, Surveillance Audits and Management Review Meetings are conducted regularly.

15. Communication

Communication with the shareholders is given high priority. Annual, Half Yearly and Quarterly Accounts are distributed to them within the time specified in the Companies Act 2017. Every opportunity is given to the individual shareholders to attend and freely ask questions about the company operations at the Annual General Meeting.

16. Board Meetings

During the year under review, four meeting of Board of Directors were held and the attendance of Directors was as under:-

1. Mr. Tayyab Iqbal	04 Nos
2. Mr. Tahir Iqbal	04 Nos
3. Mr. Iqbal Barkat	03 Nos.
4. Mr. Hassan Barkat	04 Nos.
5. Mrs. Rukhsana Arif	03 Nos.
6. Mrs. Abida Iqbal	03 Nos.
7. Mrs. Rafia Hassan	02 Nos.

Leave of absence was granted by the board to the non attending directors.

17. Audit Committee Meetings

Four meeting of audit committee were held during the year. Attendance by each member was as follows:-

Mrs. Rukhsana Arif.	04 Nos.
Mrs. Rafia Hassan.	03 Nos.
Mr. Tahir Iqbal	04 Nos.

18. HR Committee Meetings

Four (4) meetings of HR & Remuneration Committee were held during the year. Attendance by each member was as follows:-

Mr. Tahir Iqbal	04 Nos.
Mr. Hassan Barkat	04 Nos.
Mrs. Abida Iqbal	03 Nos.

19. Auditors

On the suggestion of Audit Committee, the Board of Directors of the Company has recommended the re-appointment of M/s Kamran & Co, Chartered Accountants, as the auditors of the Company for the year ending June 30, 2020.

20. Pattern Of Shareholding And Information Under Clause XVI (J) Of The Code Of Corporate Governance

The information under this head as on June 30, 2020 is annexed.

21. Corporate Social Responsibility

The company is fully aware of corporate social responsibilities and is supporting social sector organizations in the fields of educations, health and environment. The company gives donations as a financial assistance to charitable organizations as well as also offers internships all around the year to student form colleges and universities.

Acknowledgement

The Board is pleased and appreciates continued support of its bankers, dedication and hard work of all the employees of the company.

On behalf of the Board of Director



Mian Tayyab Iqbal

Chief Executive Officer

Lahore:

October 02, 2020

ممبران کے لئے مجلس نظاماء کی رپورٹ

برائے مالی سال ختمہ 30 جون 2020ء

مجلس نظاماء کی جانب سے زیر دستخطی 30 جون 2020ء کو ختم ہونے والے مالی سال کی 33 ویں (تیسویں) سالانہ رپورٹ معہ ان پر محاسب کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

آپریٹنگ مالیاتی نتائج

زیر جائزہ مالی سال کے دوران، کمپنی نے گزشتہ سال کی اسی مدت کے 23,309 ملین روپے خالص نقصان کے مقابلے میں رواں سال کاروبار سے 5,027 ملین روپے کا خالص نقصان درج کیا ہے۔
خالص (نقصان) / منافع کا خلاصہ حسب ذیل ہے:-

مصرفات

2019 (روپے)	2020 (روپے)	
(30,125,194)	(26,622,505)	قبل از ٹیکس آپریشنز سے (نقصان)
(10,158,483)	6,300,683	ٹیکس
(40,283,677)	(20,321,822)	بعد از ٹیکس (نقصان)
16,973,915	15,295,010	سال کی دیگر مجموعی آمدنی سال کے لئے جائیداد، پلائنٹ اور آلات کی قدر پر سربس کی زیادہ فرسودگی (ٹیکس کے علاوہ)
16,973,915	15,295,010	سال کی دیگر مجموعی آمدنی (ٹیکس کے علاوہ)
(23,309,762)	(5,026,812)	سال کا کل مجموعی نقصان
(3.76)	(1.90)	فی شیئر نقصان (بنیادی اور غیر معتدل)

زیر جائزہ سال تاریخی طور پر مشکل تھا اور کوویڈ 19 وبائی بیماری سے بری طرح متاثر ہوا جو دسمبر 2019 میں شروع ہوئی اور پھر پوری دنیا میں پھیل گئی۔ دوسرے ممالک کی طرح، پاکستان کی معیشت بھی شدید متاثر ہوئی۔ اس وبائی بیماری روک تھام کے لئے مارچ 2020 میں ملک بھر میں لاک ڈاؤن نافذ کر دیا گیا۔ جس وجہ سے بہت سارے کاروبار بند ہو گئے اور اس کے نتیجے میں ملک کی معیشت مزید خراب ہو گئی۔

کمپنی کی کاروائیاں اب بھی معطل ہیں۔ موجودہ حکومت کی پالیسیوں اور غیر یقینی سیاسی ماحول کی وجہ سے ٹیکسٹائل مارکیٹ انتہائی ست روی کا شکار ہے، جس نے اسپانسرز کو کمپنی کے مجوزہ BMR منصوبوں میں سرمایہ کاری کرنے سے باز رکھا۔

موجودہ پلائنٹ اور مشینری بہت پرانی، فرسودہ اور جدید مشینری جو اخراجات کی بچت اور زیادہ پیداوار دیتی ہے کے ساتھ مقابلہ کرنے میں غیر موثر ہو چکی ہے۔

اہم تناسب اور گزشتہ سالوں سے موازنہ کا جدول:

2016	2017	2018	2019	2020	
17,437	105,226	-	-		آمدنی (خالص)
(43,295)	(60,040)	(92,312)	(30,125)	(26,623)	قبل از ٹیکس (نقصان) / منافع

بھارت (نقد) / منافع	(20,322)	(40,284)	(75,776)	(61,640)	(49,947)
مالک کی ایکویٹی (عام شیئرز ہولڈرز)	(145,985)	(125,664)	(87,823)	(14,755)	43,883
بریک اپ ویلیو / شیئر (بریک اپ - 10 روپے)	(13.64)	(11.74)	(8.21)	(1.38)	4.10
فی شیئر آمدنی - بنیادی	(1.90)	(3.76)	(7.08)	(5.76)	(4.76)
کل اثاثے	337,610	364,109	394,648	496,255	534,683

مستقبل کا نقطہ نظر / حکمت عملی

دنیا ابھی بھی کوویڈ 19 وبائی بیماری کے خلاف جدوجہد کر رہی ہے۔ پاکستان میں نئے کیسز اور اموات میں ڈرامائی کمی دیکھنے میں آئی ہے۔ اس مثبت پیشرفت کے پیش نظر، حکومت نے تقریباً 140 دن لاک ڈاؤن کے بعد، اگست 2020 میں اکثر کاروباری سرگرمیاں دوبارہ شروع کرنے کی اجازت دے دی ہے۔ مزید برآں، اسٹیٹ بینک آف پاکستان نے معیشت کی بحالی کے لئے متعدد اقدامات اٹھائے ہیں اور نئی سرمایہ کاری کی حوصلہ افزائی کے لئے پرجوش فنڈنگ اسکیموں کی پیشکش کرتے ہوئے پالیسی شرح کو 7 فیصد تک کم کر دیا ہے۔ یہ اقدامات معیشت کو معمول پر لانے میں مددگار رہیں گے۔

حاصل یافتگان جانتے ہیں کہ بورڈ آف ڈائریکٹرز نے اپنے گزشتہ اجلاس میں شٹ ڈاؤن کا اعلان کیا کہ انتظامیہ منصوبے کی تبدیلی اور اسے مستقبل میں چلانے کے لئے اپنی بہترین پیشہ ورانہ کوششیں کر رہی ہے۔ اسپانسرز اور انتظامیہ ٹیکسٹائل کے کاروبار پر اعتماد اور یقین رکھتی ہے۔

کمپنی نے ابھی تک پلانٹ اور مشینری کا واحد نیٹ بولٹ بھی فروخت نہیں کیا ہے، لہذا مستقبل قریب میں اسے آپریشنل اور منافع بخش یونٹ بنانے کا واضح ارادہ ظاہر ہوتا ہے۔ ہم صرف درست پگ ان کے منتظر ہیں۔

ہم امید کرتے ہیں کہ حکومتی پالیسیوں میں تبدیلی اور ٹیکسٹائل کے شعبے میں سہولت کمپنی کے لئے منافع بخش نتائج سے بھرپور ہوگا۔

کارپوریٹ گورننس

خالد سراج ٹیکسٹائل ملز لمیٹڈ کی مجلس نظامہ اور اس کی انتظامیہ SECP سے جاری شدہ اسٹاک ایکسچینج کے فہرستی قواعد و ضوابط میں شامل کارپوریٹ گورننس کے ضابطہ اخلاق میں تشکیل کردہ اپنی ذمہ داریوں سے مکمل طور پر آگاہ ہے۔ مقرر کردہ طریقوں کو مؤثر انداز سے کمپنی میں نافذ کیا گیا ہے اور فہرستی قواعد میں تفصیلی کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی انحراف نہیں کیا گیا ہے۔

کارپوریٹ گورننس کے ضابطہ اخلاق کے تحت درکار ریانات مندرجہ ذیل ہیں:

1۔ مالی حسابات کی پریزنٹیشن

کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کیا گیا ہے۔

2۔ کھاتہ جات

کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔

3۔ اکاؤنٹنگ پالیسیاں

کمپنیز ایکٹ، 2017 نے گزشتہ سال مالی حسابات میں اکاؤنٹنگ اور رپورٹنگ معیارات میں تبدیلیاں متعارف کرائی ہیں۔ اکاؤنٹنگ اور رپورٹنگ معیارات میں اصطلاحات نے پراپرٹی، پلانٹ اور آلات کی قدر پر سمرپلس سے متعلق کمپنی کی اکاؤنٹنگ پالیسی کو متاثر کیا ہے۔

4۔ بین الاقوامی مالی رپورٹنگ معیارات (IFRS)

مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے۔

5۔ اکاؤنٹنگ سال

کمپنی کا اکاؤنٹنگ سال یکم جولائی تا 30 جون ہے۔

6۔ آڈٹ کمیٹی

جلسہ نظام نے کارپوریٹ گورننس کے ضابطہء اخلاق کی تعمیل میں ایک آڈٹ کمیٹی تشکیل دی ہے اور اس کے ارکان درج ذیل ہیں:

محترمہ رخسانہ حارف	چیئر مین
محترمہ رفیعہ حسن	رکن
جناب طاہر اقبال	رکن

7۔ حفاظت اور ماحول

کمپنی حفاظتی قوانین اور قواعد و ضوابط کے معیارات پر سختی سے عمل کرتی ہے۔ یہ ماحول دوستانہ پالیسیوں کی بھی پیروی کرتی ہے۔

8۔ گونگ کنسرن

گونگ کنسرن کے سلسلے میں، برائے مہربانی مالی حسابات کے نوٹ 5.4 میں بیان کردہ تفصیل ملاحظہ کریں۔

9۔ داخلی کنٹرول کا نظام

داخلی کنٹرول کا نظام ڈیزائن میں مستحکم ہے اور اسے موثر طریقے سے لاگو کیا جاتا ہے۔ کنٹرول میں بہتری کے لئے مستقل میں مسلسل جائزہ لیا جائے گا۔

10۔ کمپنی کے حصص میں تجارت

بورڈ آف ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکریٹری، ایگزیکٹوز اور ان کے زوج اور نالغ بچوں نے سال کے دوران کمپنی کے حصص میں کوئی تجارت نہیں کی سوائے جن کا ذکر "نمونہ حصص داری" میں کیا گیا ہے۔

11۔ ہٹایا قانونی واجبات

ٹیکسز، ڈیوٹیز، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگیاں نہیں ہیں جو 30 جون 2020 کو ہٹایا ہوں سوائے جن کا انکشاف مالی حسابات میں کیا گیا ہے۔

12۔ اسکانات اور وعدے

مالی سال کے اختتام اور ڈائریکٹرز رپورٹ کی تاریخ کے درمیان کمپنی کے مالی حالات پر اثر انداز ہونے والی کوئی مادی تبدیلیاں اور وعدے وقوع پذیر نہیں ہوئے جو اس پبلک شیٹ سے متعلق ہوں۔

13۔ ڈیویڈنڈ

متذکرہ بالا حالات کے باعث بورڈ آف ڈائریکٹرز نے 30 جون 2020 کو ختم ہونے والے سال کے لئے کسی ڈیویڈنڈ کی رائے پیش نہیں کی ہے۔

14۔ کوالٹی کنٹرول

انتظامی نظام کے نفاذ کو یقینی بنانے کے لئے، اندرونی کوالٹی آڈٹ، سرپلیس آڈٹ اور انتظامی جائزہ کے اجلاس باقاعدگی سے منعقد کیے جاتے ہیں۔

15۔ مواصلات

حصص داران کے ساتھ مواصلات کو بہت زیادہ ترجیح دی جاتی ہے کیپنیز ایکٹ 2017 میں مجوزہ مدت کے اندر سالانہ، ششماہی اور سہ ماہی حسابات ترسیل کیے جاتے ہیں۔ انفرادی حصص داروں کو

سالانہ اجلاس عام میں شرکت اور کمپنی کے آپریشنز کے بارے میں بلا جھجک سوالات پوچھنے کا ہر موقع دیا جاتا ہے۔

16۔ بورڈ کے اجلاس

زیر جائزہ سال کے دوران، بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے اور ڈائریکٹرز کی حاضری حسب ذیل تھی:

- 1۔ جناب طیب اقبال 04 عدد
- 2۔ جناب طاہر اقبال 04 عدد
- 3۔ جناب اقبال برکت 03 عدد
- 4۔ جناب حسن برکت 04 عدد
- 5۔ محترمہ رخسانہ عارف 03 عدد
- 6۔ محترمہ عابدہ اقبال 03 عدد
- 7۔ محترمہ رفیعہ حسن 02 عدد

فیروزہ انٹرپرائز کو بورڈ نے فیروزہ حاضری کی رخصت عطا کی۔

17۔ آڈٹ کمیٹی کے اجلاس

سال کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے۔ ہر رکن کی حاضری مندرجہ ذیل تھی:-

- محترمہ رخسانہ عارف 04 عدد
- محترمہ رفیعہ حسن 03 عدد
- جناب طاہر اقبال 04 عدد

18۔ ایچ آر کمیٹی کے اجلاس

سال کے دوران ایچ آر اینڈ ریکرٹمنٹ کمیٹی کے چار اجلاس منعقد ہوئے۔ ہر رکن کی حاضری مندرجہ ذیل تھی:-

- جناب طاہر اقبال 04 عدد
- محترمہ عابدہ اقبال 03 عدد
- جناب حسن برکت 04 عدد

19۔ محاسب

آڈٹ کمیٹی کی تجویز پر، کمیٹی کے بورڈ آف ڈائریکٹرز نے 30 جون 2021 کو ختم ہونے والے سال کے لئے کمیٹی کے آڈیٹرز کے طور پر میسرز کامران اینڈ کمیٹی کی دوبارہ تقرری کی رائے دی ہے۔

20۔ گورڈ آف کارپوریٹ گورننس کی گلاز (XVI(J) کے تحت نمونہ حصص داری اور معلومات

30 جون 2020ء کے مطابق عنوان بالا کے تحت معلومات منسلک ہیں۔

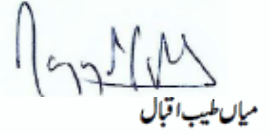
21۔ کارپوریٹ سماجی ذمہ داری

کمپنی کارپوریٹ سماجی ذمہ داریوں سے مکمل طور پر آگاہ ہے اور تعلیم، صحت اور ماحول کے شعبوں میں سوشل سیکٹر تنظیموں کی مدد کر رہی ہے۔ کمپنی خیراتی اداروں کو مالی امداد کے طور پر عطیات دیتی ہے اور کالجوں اور یونیورسٹیوں کے طلبہ کو سال بھر انٹرنشپس پیش کرتی ہے۔

اظہار تشکر

بورڈ اپنے بینکاروں کے مسلسل تعاون اور کمپنی کے تمام ملازمین کی لگن اور سخت محنت کی تعریف کرتے ہوئے خوشی محسوس کرتا ہے۔

منجانب بورڈ آف ڈائریکٹر



میاں طیب اقبال

چیف ایگزیکٹو آفیسر

لاہور: 02 اکتوبر 2020ء

Notice of Annual General Meeting

Notice is hereby given that the 33rd Annual General Meeting of the shareholders of **Khalid Siraj Textile Mills Limited** (the "Company") will be held on Monday, October 26, 2020 at 11:00 a.m. at the registered office of the Company, 135-Upper Mall, Lahore, to transact the following business:

ORDINARY BUSINESS:

- i) To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2020 together with the Directors' and Auditors' Reports there on and Chairman's report.
- ii) To appoint auditors of the Company for the year ending June 30, 2021 and fix their remuneration. The Board and Audit Committee have recommended the name of retiring auditors M/S Kamran & Co, Chartered Accountant for re-appointment as auditors of the Company.

By order of the Board

Lahore:
October 05, 2020

Haji Tariq Samad
Company Secretary

NOTES:

- i). Due to COVID-19 situation, the Government has suspended large public gatherings at one place. Additionally, Securities and Exchange Commission of Pakistan (SECP) in terms of its Circular No. 5 issued on March 17, 2020 and Pakistan Stock Exchange Limited (PSX) through its notice Ref. PSX/N-372 dated March 19, 2020 had advised companies to modify their usual planning for general meetings for the safety and well-being of shareholders and the public at large.

Considering the SECP's directives, the Company intends to convene this AGM with minimal physical interaction of shareholders while ensuring compliance with the quorum requirements and requests the members to consolidate their attendance and voting at AGM through proxies.

Shareholders interested to participate in the AGM are requested to share below information at kstml@barkatex.com for their appointment and proxy's verification by or before 05:00 p.m. on October 20, 2020.

Name of Shareholder	CNIC No.	Folio No. / CDC Account No.	Cell No.	Email Address

Shareholders, who will be registered, after necessary verification as per the above requirement, will be provided a password protected video link by the Company via email. The said link will be open from 09:30 am at the date of AGM till the end of the meeting. Shareholders can also provide their comments and questions for the agenda items of AGM at kstml@barkatex.com by or before October 20, 2020 by 05:00 p.m.

- ii). The share transfer books of the Company will remain closed from October 19, 2020 to October 26, 2020 (both days inclusive). Physical transfers / CDS Transaction IDs received at the Company's Share Registrar, M/s. Corplink (Pvt) Limited, Wing Arcad 1-K Commercial Model Town, Lahore, at the close of business on 18th October 2020 will be considered in time to determine voting rights of the shareholders for attending the meeting.
- iii). A member of the Company, entitled to attend, speak and vote at the Meeting is entitled to appoint another person as his / her proxy to attend, speak and vote instead of him / her and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the Meeting as are available to the Member. Proxy form, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the Meeting. The proxy must be a Member of the Company. The proxy shall produce his/her original Computerized National Identity Card (CNIC) or passport to prove his identity. Form of proxy English and Urdu languages is attached to the Notice dispatched to the members.
- iv). Members are requested to send copies of their CNIC's to the Company's Share Registrar to enable the Company to comply with the direction of the Securities and Exchange Commission of Pakistan (SECP) contained in SRO 831(1)/2012.
- v). Shareholders are requested to notify change in their addresses, in case of book entry securities in CDS to their respective CDS participants and in case of physical shares to the Share Registrar, if not earlier notified.
- vi). If the Company receives consent from members holding aggregate 10% or more shareholding, residing in geographical location to participate in the meeting through video conference at least ten (10) days prior to the date of meeting, the Company will arrange video conference facility. To avail this facility a request is to be submitted to the Company Secretary at Registered Office of the Company, 135-Upper Mall, Lahore.
- vii). The audited financial statements of the company for the year ended June 30, 2020 are available on the Company's website (www.kstml.com). The Members can also opt to obtain the Annual Audited Financial Statements and Notice of AGM through e-mail. In this regard, shareholders are requested to send a written consent by post/ courier on a standard request form available on the website of the Company or by sending a scanned copy of duly filled and signed form by email to Company Secretary at kstml@barkatex.com.

اطلاع سالانہ اجلاس عام

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ خالد سراج ٹیکسٹائل ملز لمیٹڈ کے حصہ داروں کا 33 واں سالانہ اجلاس عام سوموار 26 اکتوبر 2020ء بوقت صبح 11:00 بجے کمپنی کے رجسٹرڈ آفس واقع 135- اپر مال، لاہور، میں درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔
عام امور:

- 1- سالانہ ختمہ 30-06-2020 کی بابت تصفیہ شدہ بیلنس شیٹ اور کمپنی کا حساب نفع و نقصان بہمراہ ان پرنٹڈ ایکٹران و آڈیٹران کی رپورٹوں کی وصولی، غور و خوض اور ان کی قبولیت۔
- 2- کمپنی کے 30 جون 2021 کو ختم ہونے والے سال کے لیے آڈیٹ مقرر کرنا اور ان کے معاوضے کی منظوری دینا، کمپنی کی موجود آڈٹ فرم "میسرز کامران اینڈ کو چارٹرڈ اکاؤنٹنٹ" نے (دوبارہ تقرری کی اہل ہونے کے ناطے) اپنے آپ کو دوبارہ تعیناتی کیلئے پیش کیا ہے۔

حسب الحکم بورڈ
خالد سراج ٹیکسٹائل ملز لمیٹڈ
حاجی طارق صد
کمپنی سیکرٹری

مورخہ 05 - اکتوبر 2020ء
بمقام: لاہور

نوٹس:

1- COVID-19 کی موجودہ صورتحال کے تحت، حکومت نے ایک مقام پر عوامی اجتماعات کو معطل کر دیا ہے۔ مزید برآں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے 2020 کے سرکلر نمبر 5 جاری کردہ 17 مارچ 2020 اور پاکستان سٹاک ایکسچینج لمیٹڈ کے نوٹس ریفرنس نمبر PSX/N-372 بتاریخ 19 مارچ 2020 میں کمپنیوں کو مشورہ دیا ہے کہ وہ اپنے حصص داران اور عوام کی حفاظت اور فلاح و بہبود کیلئے بڑے پیمانے پر عام اجلاسوں کیلئے اپنی معمول کی منصوبہ بندی میں ردوبدل کریں۔

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایت پر غور کرتے ہوئے کمپنی اپنے کورم کی ضروریات کی تعمیل کو یقینی بناتے ہوئے حصص داران کے کم سے کم جسمانی تعامل کے ساتھ سالانہ اجلاس عام کو طلب کرنے کا ارادہ رکھتی ہے اور اراکین سے درخواست کی جاتی ہے کہ وہ اپنی حاضری کو یقینی بناتے ہوئے پراکسیز کے ذریعے اجلاس میں شرکت کریں۔

مزید یہ کہ کمپنی نے ایسا یقینی بنانے کے لیے انتظامات کے ہیں کہ حصص داران سمیت تمام شرکاء اب ویڈیولنک کے ذریعے سالانہ اجلاس عام کی کاروائی میں حصہ لے سکتے ہیں۔ وہ تمام اراکین جو سالانہ اجلاس عام میں شرکت کرنا چاہتے ہیں، ان سے التماس ہے کہ اپنا نام، فوئیو نمبر، تعداد حصص، موبائل نمبر، ای میل، ایڈریس، اور لاگو کمپیوٹرائزڈ قومی شناختی کارڈ کی نقل (دونوں جانب سے کاپی) کے ساتھ بعنوان "رجسٹریشن برائے سالانہ اجلاس عام" kstml@barkatex.com پر بذریعہ ای میل درج ذیل کے مطابق عمل کریں مندرجہ بالا معلومات مہیا کرنے کے بعد رجسٹریشن کروانے والے اراکین کی ضروری تصدیق کے بعد انہیں کمپنی کی جانب سے بذریعہ ای میل، پاسورڈ سے محفوظ کردہ ویڈیولنک مہیا کیا جائے گا۔ وہ لنک سالانہ اجلاس عام والے دن صبح 9:30 بجے سے اجلاس کے اختتام تک دستیاب رہے گا۔

- 2۔ کمپنی کی شیئرز کی منتقلی کی کتابیں 19 اکتوبر 2020 تا 26 اکتوبر 2020 (بشمول دونوں دن) تک بند رہیں گیں۔ شیئرز کی منتقلی کی درخواستیں جو کہ 18 اکتوبر 2020 تک کمپنی کے شیئرز رجسٹرڈ میسرز کارپلائک پرائیویٹ لمیٹڈ واقع 1st K کمرشل مارکیٹ ماڈل ٹاؤن لاہور کو موصول ہوں گی وہی AGM میں حاضری اور منافع کی ادائیگی کیلئے اہل ہوں گی۔
- 3۔ کمپنی ممبر جو اس اجلاس عام میں شرکت کرنے اور ووٹ دینے کا ا کی حقدار ہے وہ اجلاس میں شرکت کرنے اور ووٹ دینے کیلئے کسی دوسرے ممبر کو اپنا پروکسی مقرر کر سکتا/سکتی ہے۔ پروکسیز کے موثر ہونے کیلئے ضروری ہے کہ وہ کمپنی کے رجسٹرڈ آفس پر اجلاس کے وقت سے کم از کم 48 گھنٹے قبل موصول ہو جائیں۔
- 4۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے نوٹیفکیشن ایس آر او 2012 (1) 831 کی ہدایات ہے کہ شیئر ہولڈرز جنہوں نے اپنا شناختی کارڈ کی کاپی جمع نہیں کروائی وہ کمپنی رجسٹرڈ آر او سال کر دیں۔
- 5۔ شیئرز سرٹیفکیٹ کے حامل ممبران سے التماس ہے کہ وہ اپنے رجسٹرڈ پتے میں کسی بھی قسم کی تبدیلی سے متعلق معلومات سے مطلع کریں جن شیئر ہولڈرز کے شیئرز دی ڈی سی شریک اکاؤنٹس میں ہیں وہ اپنے پتوں کی تفصیلات متعلقہ شراکت دار/اسٹاک بروکر کے پاس اپ ڈیٹ کرائیں۔
- 6۔ اگر کمپنی کے ایسے ممبران جو کسی دوسرے شہر کے رہائشی ہوں جہاں کمپنی کا رجسٹرڈ آفس نہ ہو اور ان کی شیئر ہولڈنگ مجموعی شیئر ہولڈنگ کا 10% یا اس سے زیادہ ہو اور وہ AGM کی تاریخ کے سات روز پہلے ویڈیو کانفرنس کے ذریعے میٹنگ میں شامل ہونے کی درخواست دیں تو کمپنی، اگر اس شہر میں ویڈیو کانفرنس کی سہولت موجود ہو، ان کو مطلوبہ سہولت فراہم کرنے کی پابند ہے۔
- 7۔ کمپنی کے 30 جون 2020 کو ختم ہونے والے سالانہ حسابات کمپنی کی ویب سائٹ (www.kstml.com) پر جاری کر دیئے گئے ہیں تاہم طلب کرنے پر کمپنی اپنے حصص داران کو انفرادی طور پر حسابات کی طبع شدہ کاپی درخواست موصول ہونے پر ان کے رجسٹرڈ پتے پر ایک ہفتے کے اندر بلا معاوضہ فراہم کرے گی۔

Pattern of Shareholding

The Companies Act, 2017 (Section 227(2) (f))

FORM 34

1.1 Name of the Company

KHALID SIRAJ TEXTILE MILLS LIMITED

2.1. Pattern of holding of the shares held by the shareholders as at

30-06-2020

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
487	1	100	20,919
291	101	500	93,167
235	501	1,000	155,528
218	1,001	5,000	467,710
40	5,001	10,000	282,113
10	10,001	15,000	124,000
5	15,001	20,000	91,469
4	20,001	25,000	94,000
2	25,001	30,000	53,500
4	30,001	35,000	133,000
5	35,001	40,000	184,400
3	40,001	45,000	128,000
1	50,001	55,000	54,500
1	55,001	60,000	56,129
3	60,001	65,000	188,913
2	70,001	75,000	149,400
1	85,001	90,000	86,567
1	100,001	105,000	102,800
3	105,001	110,000	324,712
10	110,001	115,000	1,128,987
2	145,001	150,000	298,530
1	150,001	155,000	152,100
1	155,001	160,000	159,160
2	160,001	165,000	324,500
1	170,001	175,000	173,007
1	190,001	195,000	191,230
1	180,001	185,000	185,000
1	195,001	200,000	196,900
1	240,001	245,000	240,750
1	295,001	300,000	299,600
1	305,001	310,000	306,062
1	365,001	370,000	369,973
2	370,001	375,000	746,677
1	380,001	385,000	382,232
1	395,001	400,000	399,431
1	420,001	425,000	420,304
1	550,001	555,000	553,840
1	680,001	685,000	682,998
1	695,001	700,000	697,892
1348			10,700,000

2.3 Categories of shareholders	Share held	Percentage
2.3.1 Directors, Chief Executive Officers, and their spouse and minor children	1,105,741	10.3340%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	0	0.0000%
2.3.3 NIT and ICP	690,898	6.4570%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	4,899	0.0458%
2.3.5 Insurance Companies	420,304	3.9281%
2.3.6 Modarabas and Mutual Funds	11,235	0.1050%
2.3.7 Share holders holding 10% or more	0	0.0000%
2.3.8 General Public		
a. Local	8,376,646	78.2864%
b. Foreign	0	0.0000%
2.3.9 Others (to be specified)		
1- Joint Stock Companies	23,743	0.2219%
2- Pension Funds	64,042	0.5985%
3- Others Companies	2,492	0.0233%

Categories of Shareholding

Required under Code of Corporate Governance (CCG) as on June 30, 2020

Sr. No.	Name	No. of Shares Held	Percentage
---------	------	--------------------	------------

Associated Companies, Undertakings and Related Parties (Name Wise Detail):

- -

Mutual Funds (Name Wise Detail)

- -

Directors and their Spouse and Minor Children (Name Wise Detail):

1	MIAN IQBAL BARKAT	546,682	5.1092%
2	MR. TAYYAB IQBAL (CDC)	130,929	1.2236%
3	MRS. RAFIA HASSAN	111,600	1.0430%
4	MRS. ABIDA IQBAL	102,800	0.9607%
5	MIAN TAHIR IQBAL	10,000	0.0935%
6	MRS. RUKHSANA ARIF	500	0.0047%
7	MIAN HASSAN BARKAT (CDC)	203,230	1.8993%

Executives:

697,892 6.5224%

Public Sector Companies & Corporations:

- 0.0000%

Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:

489,245 4.5724%

Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)

S. No.	NAME	Holding	%Age
1	MIAN HUSSAIN BARKAT	697,892	6.5224%
2	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	682,998	6.3832%
3	MIAN FAROOQ BARKAT	616,211	5.7590%
4	MIAN IQBAL BARKAT	546,682	5.1092%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S. No.	NAME	SALE	PURCHASE
	NIL		

Statement of Compliance

With the Code of Corporate Governance for the year ended June 30, 2020

Name of the Company : Khalid Siraj Textile Mills Limited (the “Company”)

For the Year ended : June 30, 2020

The company has complied with the requirement of the Regulations in the following manner:

1. The total number of directors are seven (7) as per the following:
 - a) Male: Four (4)
 - b) Female: Three (3)
2. The composition of board is as follows:

Category	Name
Independent Directors	<ul style="list-style-type: none"> • None
Executive Directors	<ul style="list-style-type: none"> • Mian Tayyab Iqbal • Mian Tahir Iqbal
Non-Executive Directors	<ul style="list-style-type: none"> • Mian Iqbal Barkat. • Mian Hassan Barkat. • Mrs. Abida Iqbal. • Mrs. Rafia Hassan. • Mrs. Rukhsana Arif.

3. The Directors have confirmed that none of them is serving as a director in more than five listed companies, including this Company. (Excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved and amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
10. The financial statements of the company were duly endorsed by the CEO and CFO before approval of the Board.

11. The Board has formed committees comprising of members given below:

a. Audit Committee

- | | |
|------------------------|-----------|
| i. Mrs. Rukhsana Arif. | -Chairman |
| ii. Mrs. Rafia Hassan. | -Member |
| iii. Mr. Tahir Iqbal. | -Member |

b. HR and Remuneration Committee

- | | |
|--------------------------|-----------|
| i. Mr. Tahir Iqbal | -Chairman |
| ii. Mrs. Abida Iqbal. | -Member |
| iii. Mian Hassan Barkat. | -Member |

12. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

13. The frequency of meetings of the aforesaid committee were as per following:

- a. **Audit Committee:** Four quarterly meetings during the financial year ended June 30, 2020
- b. **HR and Remuneration Committee:** Four quarterly meetings during the financial year ended June 30, 2020


14. The Board has set-up an effective internal audit function which are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

15. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

16. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

17. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board of Directors



Mian Tayyab Iqbal

Chief Executive Officer

Lahore: October 02, 2020

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of independent
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Review Report on the Statement of Compliance **Contained in listed Companies (Code of Corporate Governance)** **Regulations, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **KHALID SIRAJ TEXTILE MILLS LIMITED** (the Company) for the year ended June 30, 2020 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, because of the matters stated in para (a) below, the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2020.

- (a) The company does not operate fully under the best practices contained in the Regulations as applicable to the Company including non-operative internal audit function, non-appointment of independent director, and non-certification of director's training program.

We have also expressed an adverse opinion in our audit report to the financial statements for the year ended 30 June 2020.



KAMRAN & CO
CHARTERED ACCOUNTANTS
ENGAGEMENT PARTNER: KAMIL FATAH (FCA)

LAHORE
02nd OCTOBER 2020

Lahore (Head Office)
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Tel: + 92-42-3 742 40 20 - 22 Fax: + 92-42-3 742 40 19
e-contacts: ca@kamranco.com.pk / fatah@brain.net.pk

Islamabad (Branch Office)
103, Golden Plaza Fazal-e-Haq Road, Blue Area, Islamabad-Pakistan
Tel: + 92-300-940 5444
e-contacts: kamil@kamranco.com.pk / kamil.fatah@gmail.com

Independent Auditor's Report

To the members of Khalid Siraj Textile Mills Limited

Report on the Audit of the Financial Statements

ADVERSE OPINION

We have audited the annexed financial statements of **M/S KHALID SIRAJ TEXTILE MILLS LIMITED**, which comprises the statement of financial position as at June 30, 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statement, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

In our opinion and to the best of our information and according to the explanation given to us, because of the significance of the matters as discussed in basis for adverse opinion paragraph the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give information required by Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the profit or loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

BASIS FOR ADVERSE OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statement* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountant* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

- a) As explained in note 5.4 to the financial statements, the Company has incurred a net loss of Rs. 20.322 million (2019: Rs. 40.284 million) resulting in accumulated losses of Rs. 457.438 million (2019: Rs. 452.411 million) at the close of the year ended 30 June 2019. The Company's current liabilities exceed its current assets by Rs. 209.679 million (2019: Rs. 209.435 million). The Company is facing operational and financial crisis and have lost key management without replacement and the commercial operations of the Company are ceased. These conditions indicate the existence of material uncertainty which may cast a significant doubt about the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in normal course of business. The financial statements, however, do not disclose this fact and any adjustment to that effect;

- a) International Accounting Standard – 19, “Employee Benefits” requires that Company should make provision in respect of employee benefits on the basis of projected unit credit method. In absence of working and actuarial valuation in this respect, we were unable to confirm the amount of provision required on account of employee benefits using projected unit credit method.
- b) The Company has not provided for mark-up on short-term borrowings owing to the dispute with financial institutions (refer notes 13 and 14 to the financial statements) during the year, and no provision for cost of funds had been accounted for in the financial statements. In the absence of detailed working and the opinion of legal counsel (sought directly) of the Company in this regard we were unable to determine the amount of provision required on account of accrued mark-up.
- c) Trade and other payables amounting to Rs. 113.430 million as disclosed in note 11 to the financial statements remains unverified in the absence of underlying records / information and direct confirmations from the parties.
- d) Short-term borrowings amounting to Rs. 68.180 million (refer note 14 to the financial statements) from financial institutions remained unconfirmed in the absence of direct balance confirmations. These also could not be verified through other corroborative audit evidences.
- e) As explained in note 9 and 18 to the financial statements regarding long term finances of Rs. 226.682 million and long term advances amounting to Rs. 15.651 million, the parties in dispute have entered into a settlement agreement dated 6 April 2014 which was accorded by Lahore High Court, Lahore in its order dated 16 April 2014. However, no steps had been taken by the parties to execute the settlement agreement till date. In the absence of confirmation from legal advisor of the Company we are unable to comment on same.
- f) The Company has not conducted impairment testing of its property, plant and equipment, which constitute a departure from International Financial Reporting Standards. Any impact of the same on assets, liabilities and on profit or loss statement of the Company is not determined.
- g) In the absence of underlying record and documents, we were unable to satisfy ourselves by alternative means concerning the value of stores, spare parts and loose tools of amounting to Rs.12.147 million.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matters

S. No. Key Audit Matter

I. Tax contingencies

The tax contingencies requires the management to make judgments and estimates in relation to the interpretation of tax laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies.

Due to inherent uncertainties and the time period such matters may take to resolve, the management judgments and estimates in relation to such contingencies may be complex and can significantly impact the financial statements. For such reasons we have considered tax contingencies as a key audit matter.

II. Revaluation of fixed Assets

During the year company has not revalued its fixed assets. According to 'IAS 16' it may be necessary to revalue the fixed assets every three or five years.

How the matter was addressed in our audit

Our audit procedures included the following:

- Review of the correspondence of the Company with the relevant tax authorities and tax advisors including judgments or orders passed by the competent authorities.
- We also obtained and reviewed confirmations from the Company's external tax advisor for their views on the status of each case and an overall opinion on the open tax position of the Company. We involved internal tax experts to assess and review the management's conclusions on contingent tax matters and evaluated whether adequate disclosures have been made in note 24 to the accompanying financial statements.

How the matter was addressed in our audit

Our audit procedures included the following:

- Reviewing the revaluation policies of the company. On corroborating we found that last revaluation of the fixed assets was carried out in 2016 and management confirmed that there is not much fluctuation in market price from last revaluation to require next revaluation exercise before 3-5 years time. They confirmed that requirement of IAS-16 shall be followed with regard to revaluation timings.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with

the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Acts, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Refer para (a) above under 'Basis for adverse opinion'.

Boards of directors are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exist. Misstatement can arise from fraud or error and are consider material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of user taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional Judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimate and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on company's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosure in the financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern. Refer para (a) above under 'Basis for adverse opinion'.
- Evaluate the overall presentation, structure and content of financial statements, including the disclosures and whether the financial statements represent the underlying transaction and events in a manner that achieve fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on our audit, we further report that in our opinion because of the significance of the matters as described in basis for adverse opinion above:

- a) Except for the matters stated in basis of adverse opinion above, proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) The statements of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have not been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are agreement with the books of account and return;
- c) Investment made, expenditure incurred and guarantees extended during the year were for the purpose of company's business; and
- d) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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OTHER MATTER PARAGRAPH

We draw attention towards the order passed by Securities and Exchange Commission of Pakistan, authorizing the Additional Registrar, Company Registration Office, Lahore to present a petition for winding up of the Company.

The engagement Partner on the audit resulting in this independent auditor's report is Mr. Kamil Fatah (FCA).

YOURS FAITHFULLY,



KAMRAN & CO
CHARTERED ACCOUNTANTS



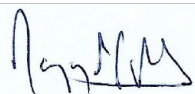
LAHORE
02nd OCTOBER 2020

KHALID SIRAJ TEXTILE MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	30 June 2020 Rupees	30 June 2019 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	7	107,000,000	107,000,000
Accumulated loss		(457,438,275)	(452,411,463)
Surplus on revaluation of property, plant and equipment	8	204,452,934	219,747,944
		<u>(145,985,341)</u>	<u>(125,663,519)</u>
Non-current liabilities			
Long-term finances	9	226,769,487	226,769,487
Deferred liabilities	10	34,366,107	40,666,790
		<u>261,135,594</u>	<u>267,436,277</u>
Current liabilities			
Trade and other payables	11	113,430,717	113,306,877
Unclaimed dividend	12	24,058,182	24,058,182
Mark-up accrued on borrowings	13	16,790,575	16,790,575
Short-term borrowings	14	68,180,179	68,180,179
		<u>222,459,653</u>	<u>222,335,813</u>
Contingencies and commitments	15	-	-
Total equity and liabilities		<u><u>337,609,906</u></u>	<u><u>364,108,571</u></u>
ASSETS			
Non-current assets			
Property, plant and equipment	16	307,177,496	333,556,140
Long-term deposits	17	2,001,000	2,001,000
Long-term advances	18	15,650,727	15,650,727
		<u>324,829,223</u>	<u>351,207,867</u>
Current assets			
Stores, spare parts and loose tools	19	12,147,495	12,147,495
Trade deposits and short-term prepayments	20	507,100	507,100
Cash and bank balances	21	126,088	246,109
		<u>12,780,683</u>	<u>12,900,704</u>
Total assets		<u><u>337,609,906</u></u>	<u><u>364,108,571</u></u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

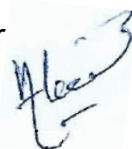
Lahore. Chief Executive Officer



Director



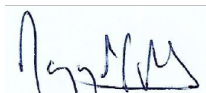
Chief Financial Officer



KHALID SIRAJ TEXTILE MILLS LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	30 June 2020 Rupees	30 June 2019 Rupees
Administrative and general expenses	22	243,861	844,005
Other operating expenses	23	26,378,644	29,281,187
		26,622,505	30,125,192
(Loss) before taxation		(26,622,505)	(30,125,192)
Taxation	24	6,300,683	(10,158,483)
(Loss) after taxation		(20,321,822)	(40,283,675)
Other comprehensive income for the year		-	-
Total comprehensive (loss) for the year		(20,321,822)	(40,283,675)
Loss per share (basic and anti-dilutive)	25	(1.90)	(3.76)

The annexed notes from 1 to 35 form an integral part of these financial statements.



Chief Executive Officer



Director



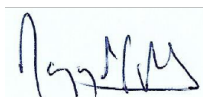
Chief Financial Officer

Lahore.

KHALID SIRAJ TEXTILE MILLS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

		30 June 2020	30 June 2019
	Note	Rupees	Rupees
A CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) before taxation		(26,622,505)	(30,125,192)
Adjustment for depreciation on property, plant and equipment	23	26,378,644	29,281,187
Operating (loss) before working capital changes		(243,861)	(844,005)
Working capital changes			
Decrease in trade debts		-	820,284
Increase / (Decrease) in trade and other payables		123,840	(501,473)
		123,840	318,811
Cash (used in) operating activities		(120,021)	(525,194)
B CASH FLOW FROM INVESTING ACTIVITIES		-	-
C CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long-term finances		-	87,476
Cash generated from financing activities		-	87,476
NET (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		(120,021)	(437,718)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	21	246,109	683,827
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	21	126,088	246,109

The annexed notes from 1 to 35 form an integral part of these financial statements.



Chief Executive Officer



Director



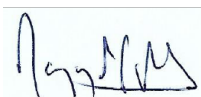
Chief Financial Officer

Lahore.

KHALID SIRAJ TEXTILE MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Share capital	Reserves		Total equity
		<i>Capital</i>	<i>General</i>	
		Surplus on revaluation of assets	Accumulated loss	
		----- Rupees -----		
As at 30 June 2018	107,000,000	234,279,097	(429,101,703)	(87,822,606)
Loss for the year	-	-	(40,283,675)	(40,283,675)
Incremental depreciation on revaluation of assets for the year (net of tax)	-	(16,973,915)	16,973,915	-
Adjustment in revaluation surplus due to change in rate of tax	-	2,442,762	-	2,442,762
As at 30 June 2019	107,000,000	219,747,944	(452,411,463)	(125,663,519)
Loss for the year	-	-	(20,321,822)	(20,321,822)
Incremental depreciation on revaluation of assets for the year (net of tax)	-	(15,295,010)	15,295,010	-
As at 30 June 2020	<u>107,000,000</u>	<u>204,452,934</u>	<u>(457,438,275)</u>	<u>(145,985,341)</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

Lahore.

KHALID SIRAJ TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

1 STATUS AND ACTIVITIES

Khalid Siraj Textile Mills Limited (the "Company") was incorporated in Pakistan as a public limited company on 17 January 1988 under the repealed Companies Ordinance, 1984 and is quoted on Pakistan Stock Exchange. The principle business of the Company is manufacturing and sale of yarn and the other related / allied operations. Following is the detail of addresses of the Company.

Description	Location
Registered office	135, Upper Mall, Lahore
Manufacturing facility	48 KM, Multan Road, Phool Nagar (Bhai Pheru), Tehsil Pattoki, District Kasur

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3 SUMMARY OF SIGNIFICANT EVENTS DURING THE YEAR

A novel strain of coronavirus (COVID-19) was classified as a pandemic by the World Health Organization, impacting countries globally including Pakistan. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses. These measures have resulted in an overall economic slowdown and disruptions to various business. However, currently, the potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers.

4 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

4.1 Initial application of International Financial Reporting Standards (IFRSs), interpretations and amendments to published approved accounting standards that are effective in the current year:

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 1 July 2019 are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

4.2 IFRS, IFRIC interpretations and accounting standards effective for accounting periods beginning on or after 1 July 2020 not yet effective and have not been early adopted by the Company:

Title	Standard	Effective date
IFRS 3	Business Combinations - Definition of business and conceptual framework	1 January 2020
IAS 1	Presentation of Financial Statements - Definition of material	1 January 2020
IAS 1	Presentation of Financial Statements - Classification of liabilities	1 January 2022
IAS 8	Changes in Accounting Policies, Estimates and Errors - Definition of material	1 January 2020
IFRS 16	Leases - COVID effects	1 January 2020
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Onerous contracts	1 January 2022
IAS 16	Property, Plant and Equipment - Proceeds before intended use	1 January 2022
IFRS 9	Financial Instruments - Interest rate reforms	1 January 2022
IAS 39	Financial Instruments - Recognition and Measurement - Interest rate reforms	1 January 2022
IFRS 7	Financial Instruments - Disclosures - Interest rate reforms	1 January 2022
	Revised conceptual framework for financial reporting	1 January 2020

KHALID SIRAJ TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

5 BASIS OF PREPARATION

5.1 Measurement

These financial statements have been prepared under historical cost convention unless otherwise specifically stated.

5.2 Significant accounting judgments and estimates

The preparation of financial statements in conformity with accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in process of applying the Company's accounting policies. These are continually evaluated and are based on historic experience and other factors including expectation of future events that are believed to be reasonable under circumstances. In process of applying the Company's accounting policies, management made following estimates / judgments which are significant to financial statements:

- a) Depreciation method, rates and useful lives of property, plant and equipment (note 16)
- b) Employee benefits (note 10)
- c) Recoverable amount of assets/cash generating units and impairment (note 16)
- d) Taxation (note 24)
- e) Provisions (note 11)
- f) Contingencies (note 15)

5.3 Functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees, which is Company's functional and presentation currency.

5.4 Going concern assumption

The financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates realization of assets and liquidation of liabilities in normal course of business. The Company incurred net loss of Rs. 20.322 (2019: Rs. 40.284) million resulting in accumulated losses of Rs. 457.438 (2019: Rs. 452.411) million at close of the year ended 30 June 2019. The Company's current liabilities exceed its current assets by Rs. 209.679 (2019: Rs. 209.435) million. The Company had ceased its operations since November 2013 due to working capital. However, subsequent to the reporting date, the management is taking steps to recommence operations and are in negotiations with financial institutions to obtain funds to manage working capital requirements. The Company managed its liquidity constraints thru financing from its sponsors and its ability to continue as a going concern is dependent on continued financing from sponsors. Management's efforts for obtaining finances from financial institutions are not so far materialized, however, management is confident that efforts will be realized and that the Company will be able to continue as a going concern.

6 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in preparation of these financial statements are set out below:

6.1 Property, plant and equipment

Property, plant and equipment except freehold land is stated at cost / revalued amounts (if any) less accumulated depreciation and impairment in value, if any. Freehold land is stated at revalued amount. Cost also includes borrowing costs wherever applicable.

When parts of an item of property, plant and equipment have different useful lives, they are recognized as separate items of property, plant and equipment. Subsequent costs are recognized as a part of asset, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the income during the period in which they are incurred.

KHALID SIRAJ TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Depreciation is charged by applying the reducing balance method over estimated useful life at the rates specified in note 16 to the financial statements. Depreciation on additions to property, plant and equipment is charged from the month in which they are available for use while no depreciation is charged for the whole year in which property, plant and equipment purchased, and no depreciation in the year in which it is disposed off. The useful lives and depreciation methods are reviewed on periodic intervals to ensure that the methods and period of depreciation charged during the year are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Gains or losses on disposal of property, plant and equipment, if any, are recognized in the income of the relevant year, as and when incurred. All expenditures connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these assets are available for use.

6.2 Surplus on revaluation of fixed assets

Surplus arising on acquisition being the difference between fair value of the assets acquired and the consideration paid is recognized as income over the remaining useful life of the assets acquired. Increase in carrying amounts arising on revaluation of property, plant and equipment are recognized, net of tax, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same assets are first recognized in other comprehensive income to the extent of remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. Differences between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from revaluation surplus on property plant and equipment to unappropriated profit.

6.3 Taxation

Income tax expense comprise current and deferred tax. Income tax is recognized in profit and loss account except to the extent that it relates to items recognized directly in 'profit and loss account / statement of comprehensive income' or 'equity', in which case it is recognized in 'profit and loss account / statement of comprehensive income' or 'equity'.

a) Current

Provision for current taxation is the amount computed on taxable income at the current rates of taxation or alternative corporate tax computed on accounting income or minimum tax on turnover, whichever is higher, and taxes paid / payable on final tax basis, after taking into account tax credit available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from the assessments made / finalized during the year.

b) Deferred

Deferred taxation if applicable, is provided using liability method for all temporary differences at the reporting date between tax base of assets and liabilities and their carrying amount for financial reporting purposes. In this regard effects on deferred tax of the portion of income subject to final tax regime is also considered in accordance with the requirements of "TR 27" of ICAP. Deferred tax liability is recognized for all taxable temporary differences. Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized. Deferred tax assets and liabilities are measured at rates that are expected to be applied to the period when the asset is realized or the liability is settled, based on rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged in the profit and loss account, except in the case of items credited or charged to equity, in that case it is included in equity.

KHALID SIRAJ TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

6.4 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the statement of profit or loss over the period of the borrowings on an effective interest basis.

6.5 Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss'. A financial liability is classified as at fair value through profit or loss if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

6.6 Financial assets

a) Initial measurement

The Company classifies its financial assets in the following categories:

- (i) at fair value through profit or loss
- (ii) at fair value through comprehensive income
- (iii) measured at amortized cost

A financial asset is initially measured at fair value plus, for an item not at fair value through profit and loss, transaction costs that are directly attributable to its acquisition.

b) Subsequent measurement

The financial assets are subsequently measured as follows:

- | | | |
|-------|---|---|
| (i) | Financial assets at fair value through profit and loss | These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in profit or loss. |
| (ii) | Financial assets measured at amortized cost | These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. |
| (iii) | Debt investments at fair value through other comprehensive income | These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss. |
| (iv) | Equity investments at fair value through other comprehensive income | These assets are subsequently measured at fair value. Dividends are recognized as income in statement of profit or loss unless dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss. |

KHALID SIRAJ TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

c) *De-recognition of financial assets*

Financial assets are derecognized when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

6.7 Cash and cash equivalents

Cash and cash equivalents are carried in the financial position at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks and short-term deposits which are held to maturity.

6.8 Trade debts, loans, deposits and other receivables

a) *Financial assets*

These are classified at 'amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date of transaction, plus attributable transaction costs. Subsequent to initial recognition, trade debts and other receivables are recognized and carried at original invoice amount less an estimated allowance made for doubtful receivables based on review of outstanding amounts at the year end. Provision for impairment of trade debts and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of receivables. Significant financial difficulties of debtors, probability that the debtor will enter bankruptcy or financial reorganization, default or delinquency in payments are considered indicators that trade receivable is impaired. Debts, considered irrecoverable, are written off, as and when identified. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

b) *Financial assets*

These on initial recognition and subsequently are measured at cost.

6.9 Trade and other payables

a) *Financial liabilities*

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

b) *Non-financial liabilities*

These on initial recognition and subsequently are measured at cost.

6.10 Dividend distribution

a) *Dividend distributions*

Dividend is recognized as liability in the period in which it is declared.

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed, in the Company's financial statements in the year in which the dividends are approved by Company's shareholders.

b) *Appropriations*

Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved.

6.11 Borrowing cost

Borrowing costs relating to the acquisition, construction or production of a qualifying asset are recognized as part of the cost of that asset. All other borrowing costs are recognized as an expense in the period in which these are incurred.

KHALID SIRAJ TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

6.12 Provisions

Provisions are recognized in the balance sheet when the Company has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

6.13 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set off the recognized amounts and the Company intends to settle on a net basis or realize the asset and settle the liability simultaneously.

6.14 Foreign currency translations

Transactions in currencies other than Pakistani Rupees are recorded at rates of exchange prevailing on the dates of transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at rates prevailing on the balance sheet date except where forward exchange contracts have been entered into for repayment of liabilities in that case, the rates contracted for are used. Gains and losses arising on translation are included in profit and loss account, except as stated in respective note to the financial statements.

6.15 Employee benefits

a) *Short-term employee benefits / Compensated absences*

The Company provides for compensated absences of its employees on unavailed balance of leaves according to the Company's policy in the period in which the leaves are earned. Charge for the year is included in the statement of profit or loss.

b) *Post-employment benefits*

The Company operates an unfunded gratuity scheme for all its permanent employees subject to completion of a prescribed qualifying period of service. The Company recognizes expense in accordance with IAS 19 "Employee Benefits". The Company's net obligation in respect of defined benefit plan is calculated separately by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount by using the projected unit credit method.

6.16 Ordinary share capital

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

6.17 Stores, spare parts and loose tools

These are normally held for internal use and valued at moving average cost less allowances for obsolete and slow moving items except stores in transit which are valued at invoice values plus other charges incurred thereon up to the balance sheet date. For items which are slow moving and/ or identified as surplus to the Company's requirements, adequate impairment is recognized. The Company reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for obsolescence.

6.18 Stock-in-trade

Basis of valuations are as follows:

Particulars

Raw material

Work-in-process

Finished goods

Mode of Valuation

at lower of weighted average cost and net realizable value

at estimated manufacturing cost

at lower of cost and net realizable value

KHALID SIRAJ TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Cost in relation to work-in-process and finished goods represents average manufacturing cost which consists of prime cost and proportion of manufacturing overheads based on normal capacity. Net realizable value signifies selling price in ordinary course of business less estimated costs of completion and estimated cost necessary to make the sale.

6.19 Revenue recognition

Revenue is recognized when performance obligations are satisfied by transferring control of good or service to a customer and control transfers over time or at point in time. Revenue is measured at fair value of the consideration received or receivable excluding discounts, rebates and government levies.

6.20 Impairment

a) *Financial assets*

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have negative effect on estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) *Non-financial assets*

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Impairment losses are recognized as expense in statement of profit or loss. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount and loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

6.21 Contingents

a) *Contingent liabilities* - are disclosed when:

- (i) there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or
- (ii) there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

b) *Contingent assets*

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by occurrence or non-occurrence of uncertain future events not wholly within the control of the Company. These are not recognized until their realization become certain.

6.22 Earnings per share ("EPS")

The Company calculates both basic and diluted EPS in accordance with IAS 33 "Earnings per Share". Under IAS 33, basic EPS is computed using weighted average number of shares outstanding during the year. Diluted EPS is computed using weighted average number of shares outstanding plus dilutive effect of stock options outstanding during the year.

6.23 Related party transactions

Related party transactions are carried out on an arm's length basis on the basis of comparable uncontrolled price method.

6.24 Figures

Figures have been rounded off to the nearest of rupee.

KHALID SIRAJ TEXTILE MILLS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	30 June 2020 ----- Number of shares -----	30 June 2019	30 June 2020 Rupees	30 June 2019 Rupees
7 SHARE CAPITAL				
Authorized capital				
Ordinary shares of Rs. 10 each	<u>12,000,000</u>	<u>12,000,000</u>	<u>120,000,000</u>	<u>120,000,000</u>
Issued subscribed and paid up capital				
Ordinary shares of Rs. 10 each				
- fully paid in cash	10,000,000	10,000,000	100,000,000	100,000,000
- fully paid as bonus shares	<u>700,000</u>	<u>700,000</u>	<u>7,000,000</u>	<u>7,000,000</u>
	<u>10,700,000</u>	<u>10,700,000</u>	<u>107,000,000</u>	<u>107,000,000</u>

7.1 There is no movement in capital of the Company during the year

7.2 The Company has only one class of ordinary shares which carry no right to fixed income.

	30 June 2020 Rupees	30 June 2019 Rupees
8 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Surplus on revaluation		
At beginning of the year	283,655,056	307,561,979
Less: Incremental depreciation for the year	(21,542,267)	(23,906,923)
At end of the year	262,112,789	283,655,056
Less: Related deferred tax		
At beginning of the year	63,907,112	73,282,882
Less: Effect of change in rate of tax	-	(2,442,762)
Less: Incremental depreciation for the year	(6,247,257)	(6,933,008)
At end of the year	57,659,855	63,907,112
Net surplus on revaluation	<u>204,452,934</u>	<u>219,747,944</u>

8.1 The Company, revalued its freehold land, buildings on freehold land and plant and machinery on 30 June 2010. The said revaluation exercise was carried-out to replace the carrying amounts of assets with the market values / depreciated market values. Previous revaluation exercise was conducted by independent valuers on 30 June 2016.

The revaluation exercise was carried out by independent valuers M/s. Anderson Consulting (Private) Limited (who are on the list of approved valuers of Pakistan Banks' Association) and revaluation adjustments were incorporated.

8.2 The basis of revaluation are as under:

Freehold land	The value is based on inquiries in the activity of land and also information obtained from different sources in the area. (Forced Sale Value 2016: Rs. 54,697,500).
Buildings on freehold land (both factory and non-factory)	The value of building is based on information of construction details, covered areas and quality of constructions were noted and new rate of construction per square foot was determined based upon estimates of balance life to arrive at new construction value. (Forced Sale Value 2016: Rs. 105,675,100).
Plant machinery, electric and lab equipment	The value is based on inquiries from the local market, market based comparisons and setting price of machinery to obtain prevalent replacement values of similar local and imported machinery items. (Forced Sale Value 2016: Rs. 205,139,500).

KHALID SIRAJ TEXTILE MILLS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

		30 June 2020 Rupees	30 June 2019 Rupees
9	LONG-TERM FINANCES		
	<i>From related parties (current and prior) - unsecured</i>		
	Sponsors - note 9.1	30,400,000	30,400,000
	Previous associated undertakings - note 9.2	32,329,798	32,329,798
	Current and ex-directors - note 9.3	164,039,689	164,039,689
		<u>226,769,487</u>	<u>226,769,487</u>
9.1	Loan from sponsors		
	These represents unsecured loan from sponsors of the Company. The terms of repayment has not yet been decided so far.		
9.2	Previous associated undertakings		
	This represents unsecured loans from various companies which were previously associated undertakings but had been allocated by the Honorable Lahore High Court, Lahore to other families of ex-Ittefaq group. This amount includes principal amount of Rs. 13.440 million (2019: Rs. 13.440 million) and mark-up accrued on said loans amounting to Rs. 18.890 million (2019: Rs. 18.890 million). Furtherance to same, the parties in dispute have entered into a settlement agreement dated 6 April 2014 which was accorded by Lahore High Court, Lahore in its order dated 16 April 2014. However, no steps had been taken by the parties to execute the settlement agreement till date.		
9.3	Long-term loans from current and ex-directors		
	These represents unsecured and interest free loans from chief executive officer, directors and sponsors. The terms of repayment has not yet been decided so far, however, the directors and sponsors have given undertaking that they have no intention to demand such loan within period of next twelve months, as such the current maturity has not been presented.		
9.4	Due to the nature of these interest free long-term finances as detailed above, the present value of these loans is not calculated and equity portion is not presented in the financial statements.		
		30 June 2020 Rupees	30 June 2019 Rupees
10	DEFERRED LIABILITIES		
	Employee retirement benefits - note 10.1	6,193,239	6,193,239
	Deferred taxation - note 10.2	28,172,868	34,473,551
		<u>34,366,107</u>	<u>40,666,790</u>
10.1	Employee retirement benefits		
	The Company has stopped providing for gratuity, the balance represents unpaid gratuity to outgoing employees which will be the final amount therefore the obligation is not measured at present value.		
10.2	Deferred taxation		
	<i>Deferred tax liability on taxable temporary differences</i>		
	Accelerated tax depreciation on property, plant and equipment	9,053,901	9,228,409
	Surplus on revaluation of property, plant and equipment	57,659,855	63,907,111
	<i>Deferred tax asset on deductible temporary differences</i>		
	Employee retirement benefits	(1,796,039)	(1,796,039)
	Unused tax losses	(36,744,849)	(36,865,930)
		<u>28,172,868</u>	<u>34,473,551</u>

KHALID SIRAJ TEXTILE MILLS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	30 June 2020	30 June 2019
	Rupees	Rupees
11 TRADE AND OTHER PAYABLES		
Trade creditors	80,746,070	80,746,070
Advances from customers	5,598,514	5,598,514
Accrued liabilities	25,791,351	25,667,511
Withholding taxes payable	994,782	994,782
Securities payable	300,000	300,000
	<u>113,430,717</u>	<u>113,306,877</u>

12 UNCLAIMED DIVIDEND

These are unclaimed dividends by sponsors of the Company. The above unclaimed dividend alongwith loans from sponsors is subjudice before the Honorable Lahore High Court, Lahore (also refer note 9.2).

13 MARK-UP ACCRUED ON BORROWINGS

Short-term borrowings	<u>16,790,575</u>	<u>16,790,575</u>
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14 SHORT-TERM BORROWINGS

National Bank of Pakistan	- note 14.1	<u>68,180,179</u>	<u>68,180,179</u>
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14.1 This represents facilities obtained from National Bank of Pakistan for working capital requirements having aggregate sanctioned limits of Rs. 167.50 (2019: Rs. 167.50) million and are secured by way of first pari passu and ranking charges amounting to Rs. 245.33 (2019: Rs. 245.33) million over the fixed and current assets of the Company, pledge of stocks of cotton bales and yarn and personal guarantees of sponsoring directors of the Company. These facilities carry mark-up at the rate of 3 months KIBOR plus 300 bps (2019: 3 months KIBOR plus 300 bps) per annum payable on quarterly basis. These facilities had expired on 31 December 2013 and had not been renewed by the bank till the authorization for issue of these financial statements.

15 CONTINGENCIES AND COMMITMENTS

Contingencies

The Company was in litigation as regard to balances payable to sponsors amounting to Rs. 30.40 million (2019: Rs. 30.40 million), uncalled dividends of sponsors amounting to Rs. 24.06 million (2019: Rs. 24.06 million), previous associated undertakings amounting to Rs. 32.33 million (2019: Rs. 32.33 million) and balance receivable from previous associated undertakings amounting to Rs. 15.65 million (2019: Rs. 15.65 million). Furtherance to same, the parties in dispute have entered into a settlement agreement dated 6 April 2014 which was accorded by Lahore High Court, Lahore in its order dated 16 April 2014. However, no steps had been taken by the parties to execute the settlement agreement till date.

Short-term borrowing facilities from National Bank of Pakistan have not been renewed since 2013. Further, a case was filed by the bank against the company on 24 June 2016 against which hearings are under process.

Guarantees issued to various institutions on behalf of the Company by financial institutions amounts to Rs. 507, 100 (2019: Rs. 507,100).

Other than above, there is no known contingent liability of the Company as on year end (2019: Nil).

Commitments

There are no outstanding commitments of the Company as on year end (2019: Nil).

KHALID SIRAJ TEXTILE MILLS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

16 PROPERTY, PLANT AND EQUIPMENT

16.1 Reconciliation of carrying values at end of the year - 30 June 2020

PARTICULARS	COST / REVALUED AMOUNTS			DEPRECIATION			BOOK VALUE	Annual rate of dep.
	As at 1/July/2019	Additions / (Disposals)	As at 30/June/2020	As at 1/July/2019	Charge for the year	As at 30/June/2020	As at 30/June/2020	
	----- Rupees -----							% age
Freehold land								
Cost	1,064,297	-	1,064,297	-	-	-	1,064,297	-
Revaluation	63,285,703	-	63,285,703	-	-	-	63,285,703	-
	64,350,000	-	64,350,000	-	-	-	64,350,000	
Factory building on freehold land								
Cost	34,577,413	-	34,577,413	28,482,051	609,536	29,091,587	5,485,826	10
Revaluation	160,286,583	-	160,286,583	85,877,565	7,440,902	93,318,467	66,968,116	10
	194,863,996	-	194,863,996	114,359,616	8,050,438	122,410,054	72,453,942	
Non-factory building on freehold land								
Cost	7,380,828	-	7,380,828	5,958,828	71,100	6,029,928	1,350,900	5
Revaluation	16,869,044	-	16,869,044	6,975,653	494,670	7,470,323	9,398,721	5
	24,249,872	-	24,249,872	12,934,481	565,770	13,500,251	10,749,621	
Plant and machinery								
Cost	317,571,940	-	317,571,940	280,263,806	3,730,813	283,994,619	33,577,321	10
Revaluation	377,591,629	-	377,591,629	248,760,663	12,883,097	261,643,760	115,947,869	10
	695,163,569	-	695,163,569	529,024,469	16,613,910	545,638,379	149,525,190	
Electric installations								
Cost	6,881,121	-	6,881,121	5,588,379	129,274	5,717,653	1,163,468	10
Revaluation	16,214,684	-	16,214,684	12,950,707	326,398	13,277,105	2,937,579	10
	23,095,805	-	23,095,805	18,539,086	455,672	18,994,758	4,101,047	
Laboratory equipment								
Cost	6,692,987	-	6,692,987	6,403,361	28,963	6,432,324	260,663	10
Revaluation	18,295,338	-	18,295,338	14,323,337	397,200	14,720,537	3,574,801	10
	24,988,325	-	24,988,325	20,726,698	426,163	21,152,861	3,835,464	
Tools and equipment	154,960	-	154,960	148,420	654	149,074	5,886	10
Concrete mixer	300,000	-	300,000	287,446	1,255	288,701	11,299	10
Weighing scales	233,200	-	233,200	222,618	1,058	223,676	9,524	10
Furniture and fixtures	7,609,088	-	7,609,088	6,025,246	158,384	6,183,630	1,425,458	10
Tube well	1,292,880	-	1,292,880	956,062	33,682	989,744	303,136	10
Arms and ammunition	27,350	-	27,350	24,647	270	24,917	2,433	10
Bicycles	11,880	-	11,880	11,763	23	11,786	94	20
Motor vehicles	13,263,417	-	13,263,417	12,787,650	71,365	12,859,015	404,402	15
Total - 30/June/2020	1,049,604,342	-	1,049,604,342	716,048,202	26,378,644	742,426,846	307,177,496	

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16.2 Reconciliation of carrying values at beginning of the year - 30 June 2019

PARTICULARS	COST / REVALUED AMOUNTS			DEPRECIATION			BOOK VALUE	Annual rate of dep.
	As at 1/July/2018	Additions for the year	As at 30/June/2019	As at 1/July/2018	Charge for the year	As at 30/June/2019	As at 30/June/2019	
----- Rupees -----								% age
Freehold land								
Cost	1,064,297	-	1,064,297	-	-	-	1,064,297	-
Revaluation	63,285,703	-	63,285,703	-	-	-	63,285,703	-
	64,350,000	-	64,350,000	-	-	-	64,350,000	
Factory building on freehold land								
Cost	34,577,413	-	34,577,413	27,804,789	677,262	28,482,051	6,095,362	10
Revaluation	160,286,583	-	160,286,583	77,609,896	8,267,669	85,877,565	74,409,018	10
	194,863,996	-	194,863,996	105,414,685	8,944,931	114,359,616	80,504,380	
Non-factory building on freehold land								
Cost	7,380,828	-	7,380,828	5,883,986	74,842	5,958,828	1,422,000	5
Revaluation	16,869,044	-	16,869,044	6,454,948	520,705	6,975,653	9,893,391	5
	24,249,872	-	24,249,872	12,338,934	595,547	12,934,481	11,315,391	
Plant and machinery								
Cost	317,571,940	-	317,571,940	276,118,458	4,145,348	280,263,806	37,308,134	10
Revaluation	377,591,629	-	377,591,629	234,446,111	14,314,552	248,760,663	128,830,966	10
	695,163,569	-	695,163,569	510,564,569	18,459,900	529,024,469	166,139,100	
Electric installations								
Cost	6,881,121	-	6,881,121	5,444,741	143,638	5,588,379	1,292,742	10
Revaluation	16,214,684	-	16,214,684	12,588,043	362,664	12,950,707	3,263,977	10
	23,095,805	-	23,095,805	18,032,784	506,302	18,539,086	4,556,719	
Laboratory equipment								
Cost	6,692,987	-	6,692,987	6,371,180	32,181	6,403,361	289,626	10
Revaluation	18,295,338	-	18,295,338	13,882,004	441,333	14,323,337	3,972,001	10
	24,988,325	-	24,988,325	20,253,184	473,514	20,726,698	4,261,627	
Tools and equipment	154,960	-	154,960	147,693	727	148,420	6,540	10
Concrete mixer	300,000	-	300,000	286,051	1,395	287,446	12,554	10
Weighing scales	233,200	-	233,200	221,442	1,176	222,618	10,582	10
Furniture and fixtures	7,609,088	-	7,609,088	5,849,260	175,983	6,025,246	1,583,842	10
Tube well	1,292,880	-	1,292,880	918,638	37,424	956,062	336,818	10
Arms and ammunition	27,350	-	27,350	24,347	300	24,647	2,703	10
Bicycles	11,880	-	11,880	11,734	29	11,763	117	20
Motor vehicles	13,263,417	-	13,263,417	12,703,691	83,959	12,787,650	475,767	15
Total - 30/June/2019	1,049,604,342	-	1,049,604,342	686,767,012	29,281,187	716,048,202	333,556,140	

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16.3 Depreciation

Depreciation for the year is allocated to 'other operating expenses'.

16.4 Had there been no revaluation, cost, depreciation and book value of revalued assets would be:

	<i>Cost</i>	<i>Accumulated depreciation</i>	<i>Book value</i>
	----- Rupees -----		
As at 30 June 2020			
Freehold land	1,064,297	-	1,064,297
Factory buildings on freehold land	34,577,413	29,091,587	5,485,826
Non-Factory buildings on freehold land	7,380,828	6,029,928	1,350,900
Plant and machinery	317,571,940	283,994,619	33,577,321
Electric installations	6,881,121	5,717,653	1,163,468
Laboratory equipment	6,692,987	6,432,324	260,663
	<u>374,168,586</u>	<u>331,266,111</u>	<u>42,902,475</u>
As at 30 June 2019			
Freehold land	1,064,297	-	1,064,297
Factory buildings on freehold land	34,577,413	28,482,051	6,095,362
Non-Factory buildings on freehold land	7,380,828	5,958,828	1,422,000
Plant and machinery	317,571,940	280,263,806	37,308,134
Electric installations	6,881,121	5,588,379	1,292,742
Laboratory equipment	6,692,987	6,403,361	289,626
	<u>374,168,586</u>	<u>326,696,425</u>	<u>47,472,161</u>

16.5 Particulars of immovable property in the name of the Company are as follows:

<i>Manufacturing facility</i>	<i>Area</i>
48 KM, Multan Road, Phool Nagar (Bhai Pheru), Tehsil Pattoki, District Kasur	8.05 Acres

		30 June 2020	30 June 2019
		Rupees	Rupees
17 LONG-TERM DEPOSITS			
Deposits with various institutions	- note 17.1	<u>2,001,000</u>	<u>2,001,000</u>
17.1	These are deposits with utility companies. As these being held for indefinite period with no fixed maturity date, are carried at cost as their amortized cost is impracticable to determine.		
18 LONG-TERM ADVANCES			
Due from previously associated undertakings	- note 18.1	<u>15,650,727</u>	<u>15,650,727</u>
18.1	This represents the amount receivable from various companies which were previously associated undertakings but had been allocated by the Honorable Lahore High Court, Lahore to other families involved in ex-Ittefaq group. As refer note 9.2 and 15 to the financial statements.		
19 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		<u>997,325</u>	<u>997,325</u>
Spare parts and loose tools		<u>4,730,214</u>	<u>4,730,214</u>
Packing material		<u>6,419,956</u>	<u>6,419,956</u>
		<u>12,147,495</u>	<u>12,147,495</u>

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		30 June 2020 Rupees	30 June 2019 Rupees
20	TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS		
	Bank guarantee deposits	<u>507,100</u>	<u>507,100</u>
21	CASH AND BANK BALANCES		
	With banks (on current accounts)	<u>126,088</u>	<u>246,109</u>
22	ADMINISTRATIVE AND GENERAL EXPENSES		
	Salaries and allowances	-	115,645
	Printing and stationery	64,000	20,000
	Advertisements	21,000	98,180
	Legal and professional charges	-	158,689
	Fee and subscription	36,096	348,675
	Auditors' remuneration - note 22.1	100,000	100,000
	Bank charges	-	1,308
	Others	22,765	1,508
		<u>243,861</u>	<u>844,005</u>
22.1	Auditors' remuneration		
	Audit fee	75,000	75,000
	Fee for interim review and other certifications	25,000	25,000
		<u>100,000</u>	<u>100,000</u>
23	OTHER OPERATING EXPENSES		
	Depreciation on property, plant and equipment - note 16.3	<u>26,378,644</u>	<u>29,281,187</u>
24	TAXATION		
	Deferred - note 10.2	<u>(6,300,683)</u>	<u>10,158,483</u>
24.1	Current year's tax provision, numerical reconciliation and sufficiency of tax provision		
	As the Company has not operated during current as well as last 6 years, hence no provision of tax, tax expense numerical reconciliation and sufficiency of tax provision is provided in financial statements.		
24.2	Prior period assessments		
	While framing the assessment for tax year 2011, the Deputy Commissioner Inland Revenue has disallowed adjustment of prior periods' refunds amounting to Rs. 5.491 million against which the Company has deposited an amount of Rs. 0.812 million in year 2013. The Company has filed an appeal against above order. The matter is pending adjudication. The tax council of the Company is of the view that there is every likelihood of the case to be decided in favour of the Company.		
25	LOSS PER SHARE (BASIC AND ANTI-DILUTIVE)	30 June 2020	30 June 2019
	Loss attributable to ordinary equity holders of the Company (Rupees)	(20,321,822)	(40,283,675)
	Weighted average number of ordinary shares (Number)	10,700,000	10,700,000
	Loss per share - basic and anti dilutive (Rupees)	<u>(1.90)</u>	<u>(3.76)</u>
25.1	There is no anti dilutive effect on the basic loss per share of the Company. Moreover, there are no anti dilutive potential ordinary shares outstanding as at 30 June 2020 and 2019.		

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FOR THE YEAR ENDED 30 JUNE 2020

	30 June 2020	30 June 2019
26 PLANT CAPACITY AND ACTUAL PRODUCTION		
Number of spindles installed	17,280	17,280
Installed capacity after conversion into 20 / S counts (kilograms)	4,668,224	4,668,224
27 NUMBER OF EMPLOYEES		
Total number of employees at end of year	2	2
Average number of employees during the year	2	2

28 FINANCIAL RISK MANAGEMENT

The Company finances its operations through equity, borrowings and management of working capital with a view to obtain a reasonable mix between the various sources of finance to minimize the finance related risks to the entity. The Company has exposure to the following risks from its use of financial instruments:

- a) Credit risk;
- b) Liquidity risk; and
- c) Market risk

The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

28.1 Risk management framework

The Board of Directors has overall responsibility for establishment and over-sight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors of the Company.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

28.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual counterparty. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed. To mitigate the risk, the Company has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored.

28.2.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	30 June 2020 Rupees	30 June 2019 Rupees
<i>At amortized cost</i>		
Trade deposits	507,100	507,100
Bank balances	126,088	246,109
	<u>633,188</u>	<u>753,209</u>

KHALID SIRAJ TEXTILE MILLS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

28.2.2 Credit quality of financial assets

Based on above information, the Company is exposed to minimal credit risk.

28.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. For this purpose the Company has sufficient running finance facilities available from various commercial banks to meet its liquidity requirements. Further liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

28.3.1 Exposure to liquidity risk

(a) Contractual maturities of financial liabilities, including estimated interest payments

The following are the remaining contractual maturities of financial liabilities:

	Carrying	Contractual	Not later	Later than 1
	----- Rupees -----			
as at 30 June 2020				
Long-term finances	226,769,487	226,769,487	-	226,769,487
Short-term borrowings	68,180,179	68,180,179	68,180,179	-
Un-claimed dividends	24,058,182	24,058,182	24,058,182	-
Trade payables	112,435,935	112,435,935	112,435,935	-
Accrued mark-up	16,790,575	16,790,575	16,790,575	-
	<u>448,234,358</u>	<u>448,234,358</u>	<u>221,464,871</u>	<u>226,769,487</u>
as at 30 June 2019				
Long-term finances	226,769,487	226,769,487	-	226,769,487
Short-term borrowings	68,180,179	68,180,179	68,180,179	-
Un-claimed dividends	24,058,182	24,058,182	24,058,182	-
Trade payables	112,312,095	112,312,095	112,312,095	-
Accrued mark-up	16,790,575	16,790,575	16,790,575	-
	<u>448,110,518</u>	<u>448,110,518</u>	<u>221,341,031</u>	<u>226,769,487</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

28.4 Market risk

Market risk is the risk that changes in market price such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

28.4.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to currency risk.

28.4.2 Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at variable interest rates. At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

- Fixed rate financial instruments

The Company do not have any financial instrument bearing fixed rate of interest (2019: Nil).

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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- **Fair value sensitivity analysis for fixed rate instruments**

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore change in interest rates at reporting date would not affect profit and loss.

- **Variable rate financial assets and liabilities**

	30 June 2020		30 June 2019	
	Assets	Liabilities	Assets	Liabilities
	----- Rupees -----			
Short-term borrowings	-	68,180,179	-	68,180,179

- **Cash flow sensitivity analysis for variable rate instruments**

Change of 1% in interest rates at reporting date would have varied profit before tax as shown below. Analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

	Variation in basis points (% age)	Effect on profit before tax 30 June 2020 Rupees	30 June 2019 Rupees
- Variable rate financial instruments			
Short-term borrowings	1.00%	681,802	681,802

The above analysis is not necessarily indicative of effects on profit for the year, assets and liabilities.

28.4.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Company is not exposed to any price risk as there are no financial instruments at the reporting date that are sensitive to price fluctuations.

29 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in a transaction between market participants at measurement date. Investment in associates are carried using equity method. Carrying values of other financial assets / liabilities reflected in these financial statements approximate their fair values. Underlying the definition of fair value is presumption that the Company is a going concern and there is no intention or requirement to curtail materially scale of its operation or to undertake transaction on adverse terms. A financial instrument is regarded as quoted in active market if quoted prices are readily and regularly available from an exchange dealer, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. IFRS 13 'Fair Value Measurement' requires entity to classify fair value measurements and hierarchy that reflects significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset either (Level 2)
- Inputs for the asset or liability that are not based on observable market data inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred. The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The Company has not disclosed the fair values for some financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

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	Carrying Amount				Fair Value			
	Fair value through profit or loss	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial instruments on reporting date								
----- Rupees -----								
as at 30 June 2020								
Financial assets / liabilities measured at fair value	-	-	-	-	-	-	-	-
Financial assets not measured at fair value								
Trade deposits	507,100	-	-	507,100	-	507,100	-	507,100
Bank balances	126,088	-	-	126,088	-	126,088	-	126,088
	633,188	-	-	633,188	-	633,188	-	633,188
Financial liabilities not measured at fair value								
Long term finances	-	-	226,769,487	226,769,487	-	-	-	-
Short term borrowings	-	-	68,180,179	68,180,179	-	-	-	-
Unclaimed dividend	-	-	24,058,182	24,058,182	-	-	-	-
Trade payables	-	-	112,435,935	112,435,935	-	-	-	-
Accrued mark-up	-	-	16,790,575	16,790,575	-	-	-	-
	-	-	448,234,358	448,234,358	-	-	-	-
as at 30 June 2019								
Financial assets / liabilities measured at fair value	-	-	-	-	-	-	-	-
Financial assets not measured at fair value								
Trade deposits	507,100	-	-	507,100	-	507,100	-	507,100
Bank balances	246,109	-	-	246,109	-	246,109	-	246,109
	753,209	-	-	753,209	-	753,209	-	753,209
Financial liabilities not measured at fair value								
Long term finances	-	-	226,769,487	226,769,487	-	-	-	-
Unclaimed dividend	-	-	24,058,182	24,058,182	-	-	-	-
Trade payables	-	-	113,306,877	113,306,877	-	-	-	-
Accrued mark-up	-	-	16,790,575	16,790,575	-	-	-	-
Short term borrowings	-	-	68,180,179	68,180,179	-	-	-	-
	-	-	449,105,300	449,105,300	-	-	-	-

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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30 CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, appropriation of amounts to capital reserves or/and issue new shares.

There was no change to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements except for maintenance of debt to equity ratio under the financing agreements.

	30 June 2020	30 June 2019
	----- rupees in '000 -----	
Total debt	294,950	294,950
Total equity and debt (including surplus on revaluation of operating assets)	(145,690)	(125,369)
Debt-to-equity ratio	-202%	-235%

Neither there were any changes in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

31 TRANSACTIONS WITH RELATED PARTIES

31.1 Disclosure of transactions between the Company and related parties

The related parties of the Company comprise of associated undertakings, directors of the Company, key management personnel and entities under common directorship.

Outstanding balances are reported in respective notes to the financial statements.

Significant transactions with related parties other than disclosed elsewhere in the financial statements are as follows:

<i>Nature of relation</i>	<i>Nature of transactions</i>	30 June 2020 Rupees	30 June 2019 Rupees
Directors	Loan received	-	87,476

31.2 Following is the detail of related parties, however, no transaction have been entered into by the Company with them during the current as well as last year.

<i>Company Name</i>	<i>Basis of relationship</i>
Barkat Textile Mills Limited	Common directorship
Ramzan Buksh Textile Mills Limited	Common directorship
Ittefaq Textile Mills Limited	Common directorship
Ittefaq Foundries (Private) Limited	Common directorship
Brother Textile Mills Limited	Common directorship

32 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

No director and the chief executive officer have drawn any remuneration from the Company during the current as well as last year. Moreover, no fee had been paid to directors for attending meetings of the board of directors.

No employee falls under the definition of executives as provided in the Companies Act, 2017.

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33 RECLASSIFICATIONS AND RE-ARRANGEMENTS

Corresponding figures have been re-classified and re-arranged, wherever necessary, to reflect more appropriate presentation of events and transactions for the purpose of comparison. However, no significant re-classification and re-arrangements are made in the financial statements except as detailed below:

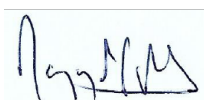
From	To	Reason	Amount
Distribution and marketing cost (Advertisement)	Administrative and general expenses	Better presentation	98,180
Finance cost (Bank charges)	Administrative and general expenses	Better presentation	1,308

34 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS OCCURRED DURING THE YEAR

There is no significant transaction or event occurred during the year except as disclosed in note 3 to the financial statements.

35 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the board of directors of the Company and authorized for issue on 2 October 2020.



Chief Executive Officer



Director



Chief Financial Officer

Lahore.



FORM OF PROXY

KHALID SIRAJ TEXTILE MILLS LIMITED

I/We _____
of _____ being member(s) of Khalid Siraj Textile Mills Limited
under Member Register Folio No. _____ and/or CDC Participant ID No./Sub-Account
No./Investor Account No. _____ and holder of _____ ordinary shares
hereby appoint Mr./Mrs./Miss _____ who is also a
member of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on
my/our behalf at the 33rd Annual General Meeting of the Company to be held at the Registered
Office of the Company, 135-Upper Mall, Lahore on Monday, October 26, 2020 at 11:00 a.m. or at any
adjournment thereof.

As witness my/our hand(s) this _____ day of 2020
signed by the said _____ in the presence of

1. Witness:

Signature _____
Name _____
CNIC _____

Affix Revenue
Stamps of Rs.5/-

Signature of Member

2. Witness:

Signature _____
Name _____
Address _____

Shareholder's Folio No. _____
CDC Participant I.D/Sub A/c # _____
CNIC _____

Notes:

1. Proxies, in order to be effective, must be received at the Company's Registered Office 135-Upper Mall, Lahore, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
2. Signature must agree with the specimen signature registered with the Company.
3. An individual beneficial owner of CDC, entitled to attend any vote at this meeting, must bring his/her NIC/Passport to prove his/her identity, and in case of proxy must enclose an attested copy of his/her NIC/Passport. Representative of corporate members should bring the original usual documents required of such purpose.
4. No person shall act as proxy unless he is member of the Company.



پراسی فارم (مختار نامہ) خالد سراج ٹیکسٹائل ملز لمیٹڈ

میں ام
ساکن

بجیت رکن خالد سراج ٹیکسٹائل ملز لمیٹڈ برطانیہ ممبر رجسٹرڈ فلیڈ نمبر _____ اور ایسی ڈی سی پارٹیشنڈ آئی ڈی نمبر اسب اکاؤنٹ نمبر / ایویٹر اکاؤنٹ نمبر _____
اور مالک _____ عام حصص بذریعہ ذمہ دار / ممبر _____

جو کچھ کارکن بھی ہے،

کو اپنے / ہمارے اہماء پر کچھ کے رجسٹرڈ دفتر 135 اپریل، لاہور میں بروز _____ سوموار 26 اکتوبر 2020 کو صبح 11:00 بجے منعقد ہونے والے کچھ کے 33 ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا / ہمارا بطور مختار (پراسی) مقرر کرنا ہوں / کرتے ہیں۔

آج بروز تاریخ 208\$ کو میرے / ہمارے دستخط اور گواہوں کی تصدیق سے جاری ہوا۔

گواہان

5/- روپے کارسیدی ٹکٹ

یہاں چسپاں کریں

1-

دستخط: _____

نام: _____

کمپیوٹر انز و قومی شناختی کارڈ نمبر: _____

پتہ: _____

دستخط رکن: _____

2-

دستخط: _____

نام: _____

کمپیوٹر انز و قومی شناختی کارڈ نمبر: _____

پتہ: _____

نوٹ:

1۔ پراسیاں تاکہ عذر ہو سکیں، کچھ کے رجسٹرڈ دفتر، 135 اپریل، لاہور میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل لازماً وصول ہو جانی چاہئیں اور باقاعدہ مہر، دستخط اور گواہی شدہ ہونی چاہئیں۔

2۔ دستخط کچھ کے ہاں رجسٹرڈ نمونہ دستخطوں کے مطابق ہونے چاہئیں۔

3۔ سی ڈی سی کا ایک انفرادی جھٹٹل اور اجلاس ہذا میں شرکت اور حق رائے دہی استعمال کرنے کا اہل، اپنی شناخت ثابت کرنے کے لئے اپنا کمپیوٹر انز و قومی شناختی کارڈ پاسپورٹ لازماً ہمراہ لائے، اور پراسی کی صورت میں اپنے کمپیوٹر انز و قومی شناختی کارڈ پاسپورٹ کی تصدیق لازماً منسلک کریں۔

کارپورٹ ممبران کے نمائندہ کو ایسے مقصد کے لئے ضروری معمول کی اصل دستاویزات ہمراہ لانی چاہئیں۔

4۔ کوئی شخص بطور پراسی کام نہیں کر سکتا جب تک وہ کچھ کا ممبر نہ ہو۔

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